

Item # \_\_\_\_\_

Prepared By: Richard J. Miller

Approved By: Brian L. Kuhn

**RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF SHELBY COUNTY, TENNESSEE AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENT DATED AS OF SEPTEMBER 29, 2009 TO AMENDED AND RESTATED INTERLOCAL AGREEMENT RELATING TO THE FINANCING OF THE PROPOSED SPORTS AND BASKETBALL ARENA TO BE FINANCED BY THE MEMPHIS AND SHELBY COUNTY SPORTS AUTHORITY, INC., DATED AS OF MAY 15, 2002 AS SUPPLEMENTED AUGUST 10, 2004 AND JULY 9, 2009.**  
**SPONSORED BY COMMISSIONER J. W. GIBSON, II.**

---

**WHEREAS**, The Memphis and Shelby County Sports Authority, Inc. (the “Authority”) on May 29, 2002 issued its Revenue Bonds 2002 Series A (Memphis Arena Project) and Revenue Bonds, 2002 Series B (Memphis Arena Project) (collectively, the “2002 Senior Lien Revenue Bonds”), and its Subordinate Lien Revenue Bonds, 2002 Series C, Junior Subordinate Lien Revenue Bonds, 2002 Series D and Junior Subordinate Lien Revenue Bonds, 2002 Series E (collectively, the “2002 Subordinate Lien Revenue Bonds,” which together with the 2002 Senior Lien Revenue Bonds are collectively hereafter referred to as the “2002 Revenue Bonds”), pursuant to Chapter 67 of Title 7 and Part 3 of Chapter 21 of Title 9 of the Tennessee Code Annotated, to finance the cost of acquisition, construction, and equipping of a new multipurpose arena to accommodate a National Basketball Association Franchise known as the “Grizzlies” and other sports, entertainment and civic events, including related and ancillary facilities and costs of issuance related to such 2002 Revenue Bonds; and

**WHEREAS**, in connection with the 2002 Revenue Bonds the Authority, Shelby County (the “County”) and the City of Memphis, Tennessee (the “City”) previously entered into an Interlocal Agreement (the “Interlocal Agreement”) entitled, “**AMENDED AND RESTATED INTERLOCAL AGREEMENT RELATING TO THE FINANCING OF THE PROPOSED SPORTS AND BASKETBALL ARENA TO BE FINANCED BY THE MEMPHIS AND SHELBY COUNTY SPORTS AUTHORITY, INC.,**” dated as of May 15, 2002; and

**WHEREAS**, the Authority on April 3, 2007 issued its Variable Rate Demand Revenue Refunding Bonds (Memphis Arena Project), 2007 Series A and 2007 Series B (the “2007 Series A and 2007 Series B Bonds”) and Revenue Refunding Bonds (Memphis Arena Project) 2007 Series C and 2007 Series D (the “2007 Series C and D Bonds”) for the purpose of refunding a portion of the 2002 Revenue Bonds; and

**WHEREAS**, the Authority, the County and the City previously entered into a Supplement (the "Supplement") to the Interlocal Agreement entitled, "**SUPPLEMENT DATED AUGUST 10, 2004 TO AMENDED AND RESTATED INTERLOCAL AGREEMENT RELATING TO THE FINANCING OF THE PROPOSED SPORTS AND BASKETBALL ARENA TO BE FINANCED BY THE MEMPHIS AND SHELBY COUNTY SPORTS AUTHORITY, INC.,**" dated August 10, 2004 in connection with the refunding of a portion of the 2002 Senior Lien Revenue Bonds; and

**WHEREAS**, the Authority on July 9, 2009 issued its Revenue Refunding Bonds (Memphis Arena Project), 2009 Series A and 2009 Series B (the "2009 Refunding Bonds") for the purpose of refunding the 2007 Series A and 2007 Series B Bonds; and

**WHEREAS**, the Authority, the County and the City previously entered into a Second Supplement (the "Second Supplement") to the Interlocal Agreement entitled, "**SECOND SUPPLEMENT DATED JULY 9, 2009 TO AMENDED AND RESTATED INTERLOCAL AGREEMENT RELATING TO THE FINANCING OF THE PROPOSED SPORTS AND BASKETBALL ARENA TO BE FINANCED BY THE MEMPHIS AND SHELBY COUNTY SPORTS AUTHORITY, INC.,**" dated July 9, 2009 in connection with the refunding of the 2007 Series A and 2007 Series B Bonds; and

**WHEREAS**, in the event the revenues pledged to the support of the 2002 Senior Lien Revenue Bonds, the 2007 Series C and D Bonds, the 2009 Refunding Bonds, any bonds which refund all or a portion of such Bonds (collectively, the "Senior Lien Obligations"), including revenues derived indirectly from the City's portion of sales tax increments received from State sales and use taxes generated within the tourist development zone (the "TDZ") created under the provisions of Chapter 88 of Title 7 of the Tennessee Code Annotated, shall prove to be insufficient to pay the Senior Lien Obligations in any bond year, the City and the County, pursuant to the provisions of Section 7-67-116 of the T.C.A., have covenanted and confirmed such covenant in the Interlocal Agreement, as supplemented, to timely appropriate (the "Senior Debt Service Reserve Fund Replenishment Obligation") from legally available non-ad valorem revenues, in the fiscal year following the date of such deficit, but no later than October 31 of such fiscal year, sufficient moneys to replenish draws from the Senior Debt Service Reserve Fund relating to the Senior Lien Obligations used to pay Senior Lien Obligations in the prior year; and

**WHEREAS**, the obligation of the City and the County under the Interlocal Agreement, as supplemented, to replenish draws on the debt service reserve fund relating to the Senior Lien Obligations shall be apportioned on the following basis: 50% County and 50% City, and shall not be joint; and

**WHEREAS**, the Authority, the County and the City propose to enter into a **THIRD SUPPLEMENT DATED AS OF SEPTEMBER 29, 2009 TO AMENDED AND RESTATED INTERLOCAL AGREEMENT RELATING TO THE FINANCING OF THE PROPOSED SPORTS AND BASKETBALL ARENA TO BE FINANCED BY THE MEMPHIS AND SHELBY COUNTY SPORTS AUTHORITY, INC.** (the "Third

Supplement”) to authorize further use and application of sales tax increments received from the State sales and use taxes from sales generated within the TDZ (“TDZ Funds”) to allow the City to fund the City’s contribution to redevelop the Pyramid Arena, subject and subordinate to the payment obligations from TDZ Funds under the Interlocal Agreement, as supplemented, that support directly or indirectly the Authority’s Senior Lien Obligations.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SHELBY COUNTY, TENNESSEE, AS FOLLOWS:**

**SECTION 1.** The recitals set forth above are adopted by the Board of County Commissioners (the “Board”) as the findings of the County and are incorporated herein.

**SECTION 2.** That the Third Supplement to the Interlocal Agreement, in substantially the form presented at this meeting, be and the same is hereby approved and the Mayor is hereby authorized to execute his signature thereon on behalf of the County, and to deliver the same to the City and the Authority conditioned upon the execution and delivery by the City and the County of the Pyramid Rights Transfer Agreement by and between Shelby County, Tennessee and the City of Memphis, Tennessee.

**SECTION 3.** The Mayor is hereby authorized to execute and deliver all papers, certificates, receipts, and other documents he may deem necessary or desirable, and to take all steps he may deem necessary or desirable to effect the transactions contemplated by this Resolution.

**SECTION 4.** This Resolution shall take effect immediately, and all resolutions in conflict with this Resolution are herewith repealed to the extent of such inconsistency.

**IN WITNESS WHEREOF,** Shelby County has caused this Resolution to be executed by the manual or the facsimile signature of its County Mayor, Chairman of the Board of County Commissioners and County Clerk, a facsimile of the seal of the Board of County Commissioners of Shelby County to be impressed, imprinted or otherwise reproduced hereon and attested to by the manual or the facsimile signature of its County Clerk.

---

A C Wharton, Jr., County Mayor

Date: \_\_\_\_\_

ATTEST:

---

Clerk of County Commission

ADOPTED: \_\_\_\_\_